Babcock & Wilcox / Annual Report 1971

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The Babcock & Wilcox Company
91st Annual Report

for the year ended December 31, 1971

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Cover: Nuclear fuel pellets—which actually measure less than a half-inch in diameter—are shown during the manufacturing process. Nuclear fuel for commercial and government use is an area offering growth potential.

Opposite: Visitors to the site of the Duke Power Company's Oconee nuclear plant under construction in South Carolina may browse through exhibits in a special Visitor's Center on a hill overlooking the site.

1971 Highlights

TOTALS	**1971**	1970
Sales (on percentage of completion method for long-term contracts)	**$ 959,092,000**	$ 826,424,000
Net income for the year	**20,664,000**	10,021,000
Cash dividends declared	**6,168,000**	8,810,000
Orders received	**867,938,000**	1,118,298,000
Unfilled orders	**1,948,507,000**	2,039,661,000
Expenditures for property, plant and equipment	**24,283,000**	25,340,000
Depreciation of plant and equipment	**18,396,000**	16,417,000
Working capital	**144,452,000**	128,355,000
Stockholders' equity	**292,923,000**	278,427,000
Number of employees at year end	**36,526**	36,528
Number of common stockholders at year end	**27,940**	33,440
Number of common shares issued at year end	**12,366,626**	12,366,626
PER COMMON SHARE ISSUED*		
Net income for the year	**$ 1.67**	$ .81
Cash dividends declared	**.50**	.72
Stockholders' equity	**23.69**	22.51

*Shares issued were unchanged during the periods.

To the Stockholders

Performance in 1971 continued to show a strong trend of recovery. Extensive management improvement and control programs have restored productive capacity and operating efficiency in the Power Generation division. Its modern facilities are now producing some of the most advanced technological products on schedule and to rigorous specifications. As a result, nuclear losses have been substantially reduced. This, together with strict cost controls in all other areas of the company, produced earnings of $20,664,000 or $1.67 per share for 1971 compared with the $.81 per share earned in 1970.

Shipments in 1971 were $959,092,000 compared with $826,424,000 in 1970. Higher shipments of nuclear equipment and large fossil fuel steam generators were the principal reasons for increased volume. During the first half of the year, shipments of tubular products were at a high level because of the possibility of a steel strike, but there was a decline during the second half. Shipments of automated machinery, industrial boilers and refractories were at a low rate throughout 1971 and are only now beginning to show a slow upturn.

New orders totalled $867,938,000 in 1971. The backlog at the end of the year was $1,948,507,000 compared with $2,039,661,000 at the end of 1970. Substantially all of the backlog consists of steam generating and associated equipment. Of the current backlog, it is expected that 35% will be recorded as sales in 1972, approximately 52% in 1973 through 1975, and approximately 13% (principally nuclear fuel) thereafter.

The approximate distribution of 1971 and 1970 shipments, by markets, was as follows:

	1971	1970
Electric Utilities	53%	49%
Government	15	15
Warehouse and Distributors	7	7
Machinery	5	7
Pulp and Paper	4	4
Fabricated Metal Products	4	2
Transportation	3	5
Primary Metals	3	4
Chemical and Petroleum	1	2
Miscellaneous	5	5
	100%	100%

Although we received an order for only two nuclear steam systems last year, we believe that our market position should improve after the initial unit of the nuclear plant being built by the Duke Power Company in South Carolina goes on line as now scheduled for later this year. This will be the first nuclear steam system in operation to use our second generation equipment. In the meantime, we continued to expand our nuclear activities at home and abroad.

In 1971 we established a jointly owned company in Germany, in association with Brown Boveri Cie, AG Mannheim and Deutsche Babcock, to offer our nuclear designs in that growing market. In addition, we signed a licensing agreement with Babcock Atlantique in France that makes it possible to supply our technology to the French electric utility industry.

The potential for our nuclear fuel business was broadened with the acquisition of Nuclear Materials and Equipment Corporation. This enables us to supply uranium fuel and, most significantly, provides additional expertise in plutonium fabrication. This is of importance in recycling plutonium from light water reactors and in fabricating fuel for breeder reactors.

The nuclear business continues to be adversely affected by lengthy proceedings and hearings concerned with both safety and environmental considerations. These procedures have added considerably to the time required between initial decision to build a plant and the release to proceed with site preparation and fabrication of components as well as delaying start up of some facilities. This will probably affect the volume of nuclear work going through industry's shops and the pace at which work progresses for the foreseeable future.

Babcock & Wilcox, in common with other nuclear suppliers and the electric utility industry, is firmly committed to nuclear plant safety and protecting the environment. We do believe, however, that common sense must be applied to reconcile the questions raised by various interest groups with the ever growing need of consumers and industry for electricity.

Already a strong factor in the specialty tubing business, B&W took several steps to reinforce and widen its activities in that field. These include increased capacity for mechanical tubing and provision for expansion of seamless tubemaking capacity.

Other actions to broaden the company's marketing abilities include the purchase of the minority interest in B&W Canada, making it a wholly owned subsidiary; the acquisition of a 25% interest in Bailey Meters and Controls Ltd. of England; and the formation of a

Bailey Meter company in Japan. The decision to market cooling towers for electric generating plants broadens the scope of our pollution control equipment.

The company is fully committed to improving environmental conditions in the localities where it operates plants. We have recently completed or are currently working on projects totaling approximately $16,000,000 to meet applicable federal, state and local regulations. The single largest expenditure is for a $12,000,000 air cleaning project to remove particulate matter from gases discharged at our Beaver Falls steel mills. Construction is well under way and operation is expected later this year. New water treating facilities at Beaver Falls have drawn wide attention as a model for other industrial installations.

The company entered two new fields—advanced composites and special control valves—during the year. Although current activity is relatively small, the potential in both areas is significant. Advanced composites, which we developed through research efforts, are structural materials combining high strength with low weight and are attractive wherever these features are needed. Special control valves supplied by our new subsidiary—Control Components, Inc.—eliminate noise and vibration and accurately control the flow in piping systems.

In 1971, A. P. Taber, a company vice president, was elected a director. He was also placed in charge of the Power Generation division, replacing E. T. Cox, resigned. H. H. Poor, head of Research and Development, and W. M. Vannoy, head of the Naval Nuclear Fuel division, were made company vice presidents as was Martin Victor, who also serves as company secretary and head of the legal department. C. E. Jones was named president of the Bailey Meter Company to succeed J. H. Dennis, who is retiring. W. A. Cameron was made president of Nuclear Materials and Equipment Corporation and R. E. Self continued as president of Control Components, Inc. after its acquisition.

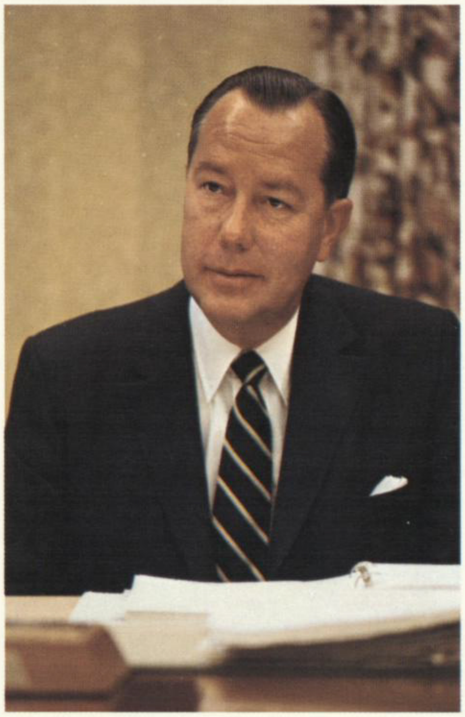
Many additional moves were made during the year to strengthen control at all levels. New members of our management team, both at company headquarters and in the operating divisions and subsidiaries, have mainly risen within B&W. Their efforts, combined with the dedication and skills of employees throughout the organization, have contributed greatly to the turnaround in performance we are experiencing.

Economists are predicting a higher level of business activity during the present year, although it is not yet a firmly established trend. The ultimate impact of governmental wage and price regulations is not yet clear. We expect continued improvement of performance and, subject to the regulatory uncertainties affecting the nuclear industry described above, we anticipate that our nuclear activity will be profitable for the year. Provided the favorable predictions for the economy are realized, earnings for 1972 should show further improvement.

George G. Zipf

George G. Zipf
President and Chief Executive Officer

February 24, 1972



George G. Zipf
President and Chief Executive Officer

Review of Operations

Steam generation equipment

Babcock & Wilcox took several forward steps in the power generation field both at home and abroad during 1971. The company demonstrated improvement in its U. S. operations and announced plans to expand into the European nuclear market.

Nuclear power. By the end of 1971, Babcock & Wilcox had orders to supply a total of 15 nuclear steam systems for U. S. utilities, representing a cumulative capacity of more than 13 million kilowatts of electricity. The company is well integrated in the nuclear business and has the capability to fabricate in its own facilities 80 percent of all equipment needed for a complete nuclear steam system.

B&W's latest contract, awarded during 1971, is from Virginia Electric & Power Company for two nuclear steam systems and nuclear fuel. This order is valued at more than $100 million. Commercial operation of one unit is scheduled for 1977 and the second for 1978. Each will have a gross electrical capacity of approximately 940,000 kilowatts and will be located at VEPCO's North Anna site in Louise County, Virginia.

B&W's Tubular Products division will supply a total of 360 miles of high nickel alloy tubing for the four steam generators in these units. Bailey Meter Company, a subsidiary, will provide instruments and controls, as well as a data processing system to monitor performance of the nuclear steam systems. Diamond Power, another subsidiary, will furnish the control rod drives and reflective metallic insulation for both units.

Tiny pellets of uranium dioxide, the fuel of a nuclear reactor, are manufactured under meticulous quality control conditions. B&W's commercial nuclear fuel backlog amounts to about $400 million.

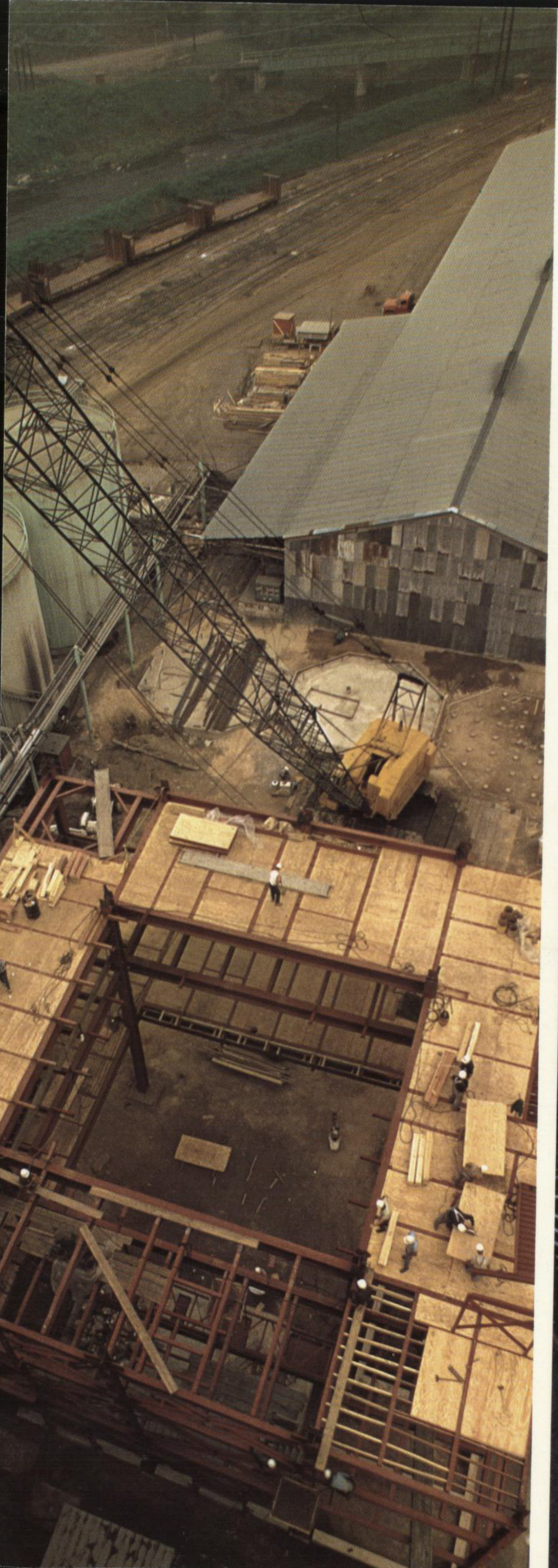
A major event in the company's nuclear program is the planned start up of the first unit of Duke Power Company's new Oconee plant in South Carolina during 1972. The Oconee station, when completed, will be among the largest investor-owned nuclear power plants in operation, producing more than 2.5 million kilowatts of electricity. The third and final reactor vessel was delivered to the site in September, 1971.

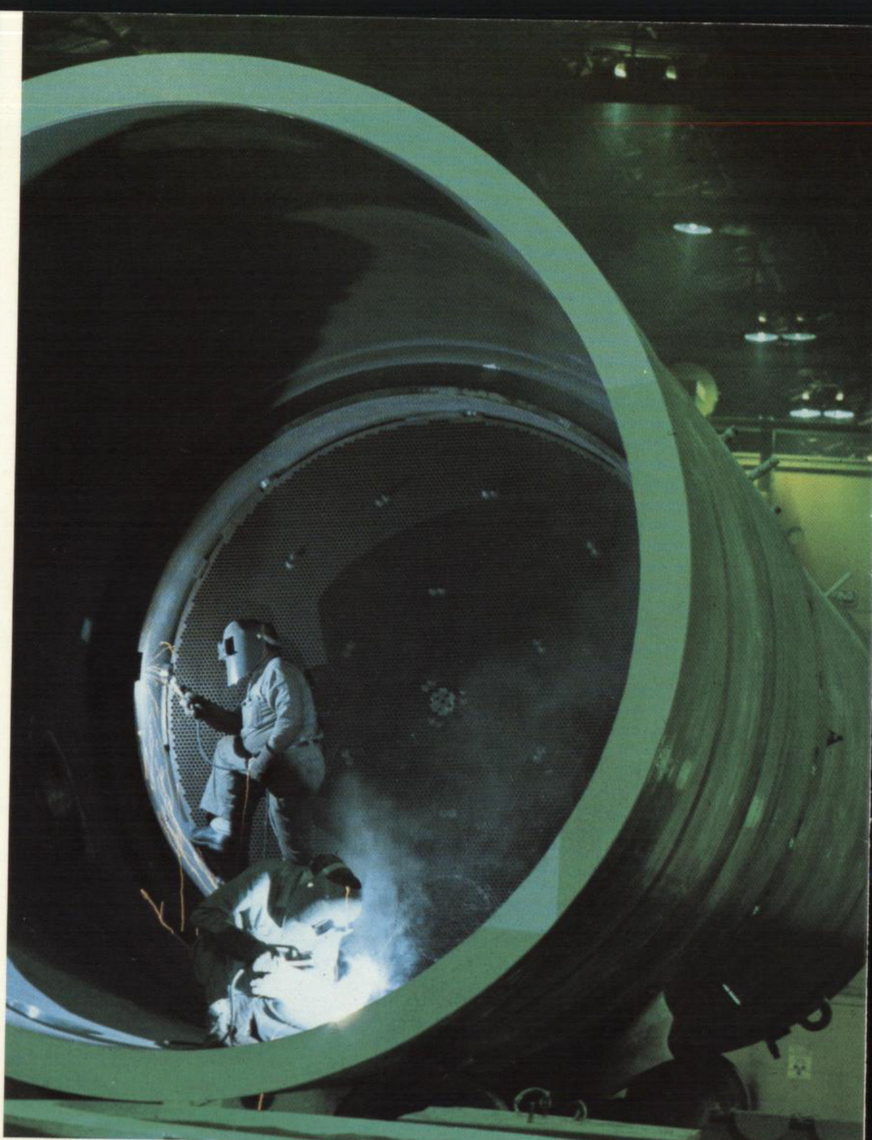
B&W's first shipment of commercial nuclear fuel was made last year to Duke and fuel for other nuclear plants is currently in production. The commercial nuclear fuel backlog amounts to approximately $400 million and the company views this business as a growth area in the decade ahead.

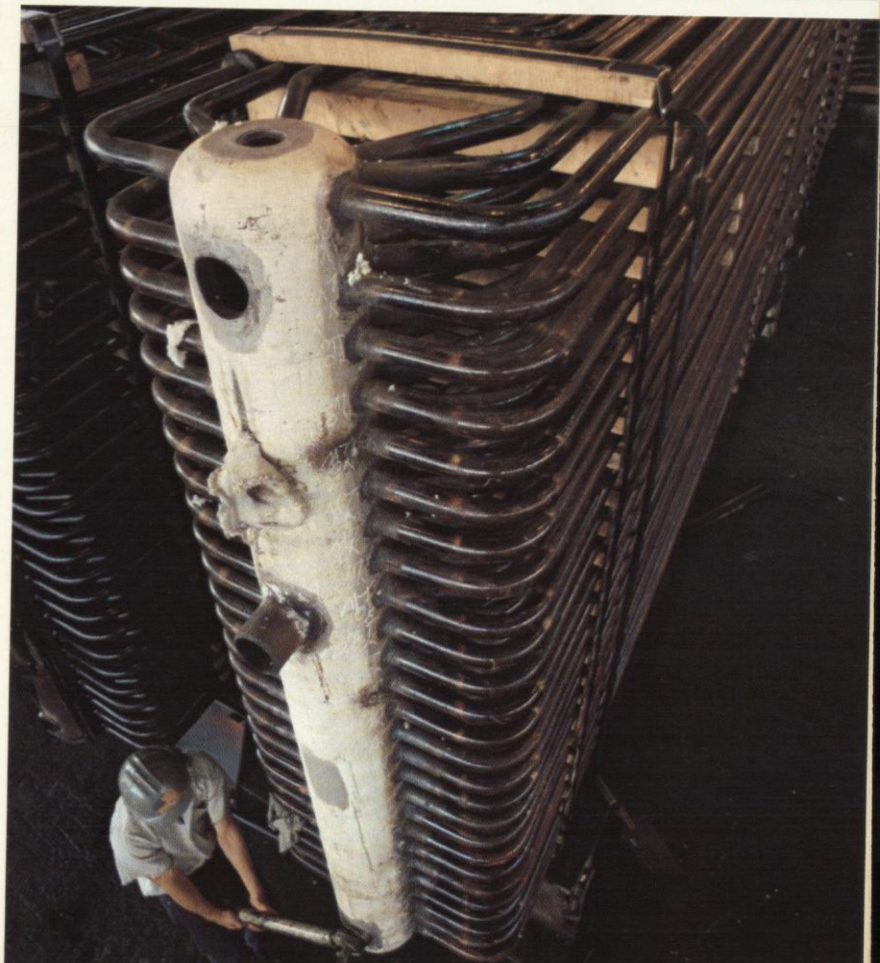
A unique fit into our overall nuclear fuel activities was accomplished late last year when Nuclear Materials and Equipment Corporation (NUMEC) was acquired. With plants and headquarters in Apollo, Pa., it is being operated as a subsidiary.

In its continuing effort to better serve the utility industry and to improve nuclear plant safety, B&W trained 156 utility personnel during the year at its

B&W's nuclear power plant simulator in Lynchburg is used to train utility operators and personnel. All activities of an actual plant are simulated by the computer in the foreground, while instructors and students in the control room respond by controlling the "plant."







Left: A 900-ton B&W Kraft recovery boiler will be installed at the Canton, N.C. plant of U.S. Plywood-Champion Papers Co. by the Babcock & Wilcox Construction Company. Boiler cleaning equipment for the unit is being supplied by Diamond Power Specialty Corporation, a B&W subsidiary.

Top right: A steam generator—destined for use at a Toledo Edison Company nuclear power plant—is shown under construction at B&W's Barberton, Ohio plant.

Bottom right: An economizer module is tested at the Canton, Ohio plant of the Power Generation division. B&W this year began assembling tubes and headers in the shop rather than at the erection site as previously done, thus serving to reduce overall erection costs.

nuclear training center in Lynchburg, Va. The company has contracts to train more than 160 utility personnel in various courses during 1972. The heart of the training center is a $3 million simulator, which duplicates the operating characteristics of an actual nuclear power plant.

Conventional power. Ten contracts were received this year from utilities in many sections of the country to provide fossil powered steam systems generating more than three million kilowatts of electricity. Among the largest was an order from Commonwealth Edison for two units that will produce a total of 840,000 kilowatts of power in the midwest.

Other large contracts were from Cincinnati Gas & Electric for a 557,000 kilowatt power plant, Canal Electric for one of similar size and East Kentucky Power Corporation for a system providing 300,000 kilowatts.

In the growing area of pollution control, B&W is active in the development and manufacture of products to protect the environment.

Gas cleanup systems are being supplied to two utilities to remove sulphur and particulates from flue gases. In a further development B&W Canada has designed and is currently constructing a boiler for the city of Hamilton, Ontario, that will burn waste as fuel to generate steam for power. The commercial operation of these systems should open further significant market areas.

Industrial and Marine. During 1971, B&W received orders for marine boilers from such customers as National Steel Shipyards and Sun Shipbuilding and Drydock Company. In a move to increase participation in the international market for this product, B&W signed a license agreement giving Breda Termomeccanica e Locomotive S. p. A., the right to manufacture and market B&W designed marine boilers in Italy.

B&W's substantial experience in nuclear ship propulsion systems, beginning with the nuclear ship *Savannah* and the West German nuclear ship *Otto Hahn,* has led to continuing development work in this field with the U.S. Maritime Administration. In 1971, MARAD awarded B&W a $1.7 million contract for the design of an advanced nuclear reactor planned for application in a new generation of U.S. flagships.

Through a series of "Executive Briefings" held coast to coast in the fall, B&W explained to shipping industry executives the reasons why it is now economical to own and operate nuclear powered ships in the 80,000 to 120,000 shaft horsepower range.

Babcock & Wilcox is also providing pollution control equipment to the maritime industry. The company supplied oil burners for the retrofitting of three vessels of the Amoco Shipping Co., a subsidiary of Standard Oil (Indiana). The burners, which contain a special atomizer, are virtually smoke free. During the past summer, B&W announced development of a Shipboard Sanitary Waste Disposal System, a step in eliminating water pollution by ships.

For the pulp and paper industry, the company provides equipment to incinerate black liquor produced as a by-product in paper manufacture. The B&W designed system substantially reduces the odorous gases discharged in this process. Since being introduced a few years ago, a total of 19 odor control systems have been sold to major companies in the United States and Canada.

A continuing development in the fossil fuel area is the growing importance of the package boiler. These high-capacity boilers are capable of producing up to 350,000 pounds of steam per hour. Shipped to the customer as one unit ready to be incorporated into the piping system, they eliminate the need for costly on-site construction. Markets include chemical and process industries, hospitals and other institutions. The company is now developing larger package boilers than those currently available.

B&W
CONSTRUCTION
COMPANY

The B&W Construction Company, with capabilities as a general and specialized contractor, is installing pollution control devices at the Tubular Products facilities in Beaver Falls, Pa.

B&W Construction Company. During the year, the B&W Construction Company broadened its scope of activities and was assigned responsibility to market, design, construct, and service cooling towers in the United States and Canada.

Cooling towers are used by both nuclear and conventional utility plants to control thermal pollution of lakes and streams. They currently represent an annual U.S. market of $60 million and this is expected to increase substantially in the decade ahead.

The B&W cooling tower designs come from a licensing agreement with the European Brown Boveri group. B&W believes that cooling towers represent a unique opportunity for the company because of its experience in the construction business, its historic background as a supplier to the utility industry, and the high acceptance of Brown Boveri designed cooling towers in Europe.

The Construction Company was originally created to erect steam generating equipment and other B&W products. Its business has increased tenfold over the past decade and its personnel developed skills adaptable to other areas. It is now marketing its services as a general contractor in the construction of both utility plants and other industrial facilities. This unit is now headquartered at its new $1.8 million facility in Copley, Ohio.

International operations. During the past year, the Power Generation division took several significant steps to expand in growing international markets.

A major event was the formation of a new jointly-owned company in Germany —Babcock Brown Boveri Reaktor GmbH— in which B&W is the majority shareholder.

Other participants in the venture are Brown Boveri Cie, AG Mannheim, which is a leading manufacturer of utility turbines in Germany, and Deutsche Babcock, which has the major share of the German conventional utility boiler market.

The new company will design and market nuclear systems in Germany. It has submitted a bid for a 1,200 megawatt plant to a major utility in concert with Brown Boveri, who will act as consortium leader and supply the balance of the plant.

Participants in the new company also plan to establish a firm to fabricate nuclear fuel.

In France, B&W entered into a licensing agreement covering nuclear steam systems and nuclear fuel with Babcock Atlantique, which supplies a major share of the conventional boilers sold to the government-owned utilities in France.

Babcock Atlantique has the technical capability to use the patents, processes and manufacturing information developed by B&W in the field of nuclear steam systems and is investing $20 million in a new manufacturing plant for nuclear components at Saint-Nazaire.

It is important to note that there is now only one supplier of pressurized water nuclear plants in Germany and in France. We are exerting every effort to become a second.

B&W is continuing to develop its export markets for conventional power products. As an example, in the past year, B&W was awarded a $12 million contract to manufacture a steam generating system for the Spanish utility, Cia Sevillana de Electricidad. B&W's subsidiaries, Bailey Meter Company and Diamond Power Specialty Corporation, are participants in the contract.

The utility business is growing abroad at about the same rate as in the United States and Babcock & Wilcox intends to participate in this worldwide market.

Naval nuclear fuel

B&W continued as a producer of nuclear fuel for the U.S. Navy.

Shipments from the Naval Nuclear Fuel division increased during 1971 and the company received a total of more than $117 million in contracts for new work.

Precise heat treating of mechanical steel tubing insures that the product meets strength-to-weight requirements. This type of tubing is used for structural and mechanical applications for which there is an increasing demand.

Tubular products

B&W's Tubular Products division continues as a leading producer of specialty steel tubing, welding fittings and rolled rings. With largely integrated steelmaking facilities, the division also manufactures flanges, forgings and extrusions for a variety of industrial applications including the automotive, chemical, petroleum, utility and metalworking industries.

In specialty tubing, the market for pressure tubing is leveling off as the demand for mechanical tubing increases. To meet these changing conditions, the company began this year a $7.2 million expansion of the Beaver Falls plant and purchased from Armco Steel a modern, 600,000 square foot plant in Ambridge, Pa. The Beaver Falls expansion, when completed in 1973, will increase production capacity of cold-finished tubes at the plant by 20 percent. At Ambridge, equipment will be installed to further increase seamless tubemaking capacity. These additions are in keeping with the company's intention to move ahead and maintain a strong position in the specialty steel tubing business.

Further market penetration is being accomplished through the sale of steel bars for specialty applications. In addition, the division increased its competitive ability in the fittings market by expanding its product line to include stainless steel fittings.

A $3.5 million automated transfer machine undergoes final checking at the Rockford plant of W. F. & John Barnes before installation in a Cadillac assembly line.

Automated machines

The machine tool industry continued to decline in 1971, but a moderate upturn is expected in 1972.

While the company's automated machine business traditionally has been directed toward the automotive industry, increased emphasis is being placed on such markets as farm and construction equipment, aircraft and appliances.

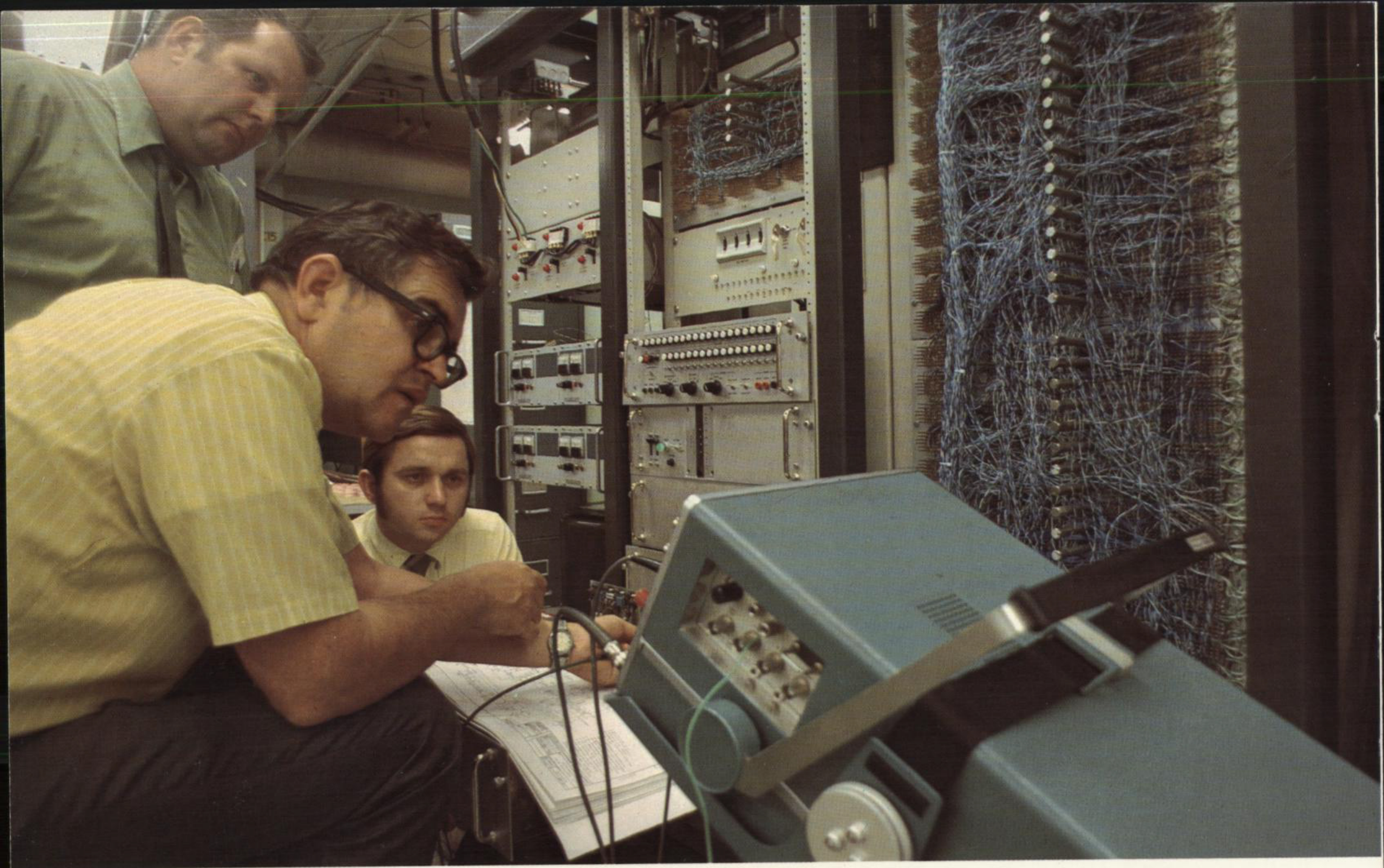
The Automated Machine division continues as a leader in the field of broaching equipment, tracer lathes and transfer machines and is now developing a line of numerically controlled machines. The division is also heavily involved in developing equipment to produce components for new types of automotive engines.

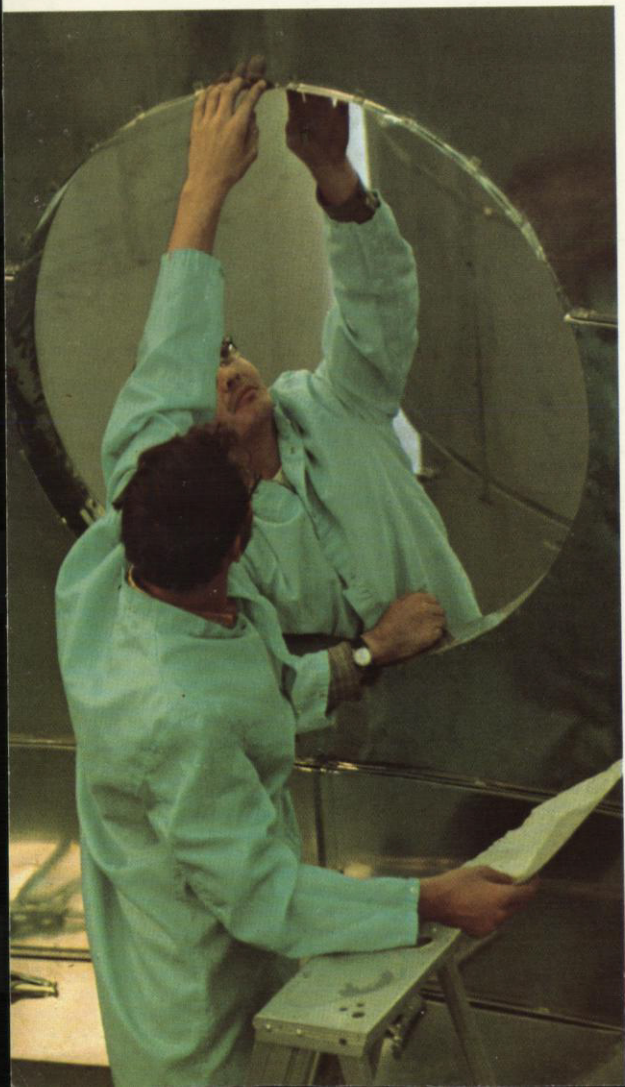
The company licensed Industrias Romi, S.A., of São Paulo, Brazil, to build machine tools designed by the Automated Machine division. Industrias Romi is Brazil's largest machine tool builder and one of the world's leading lathe manufacturers.

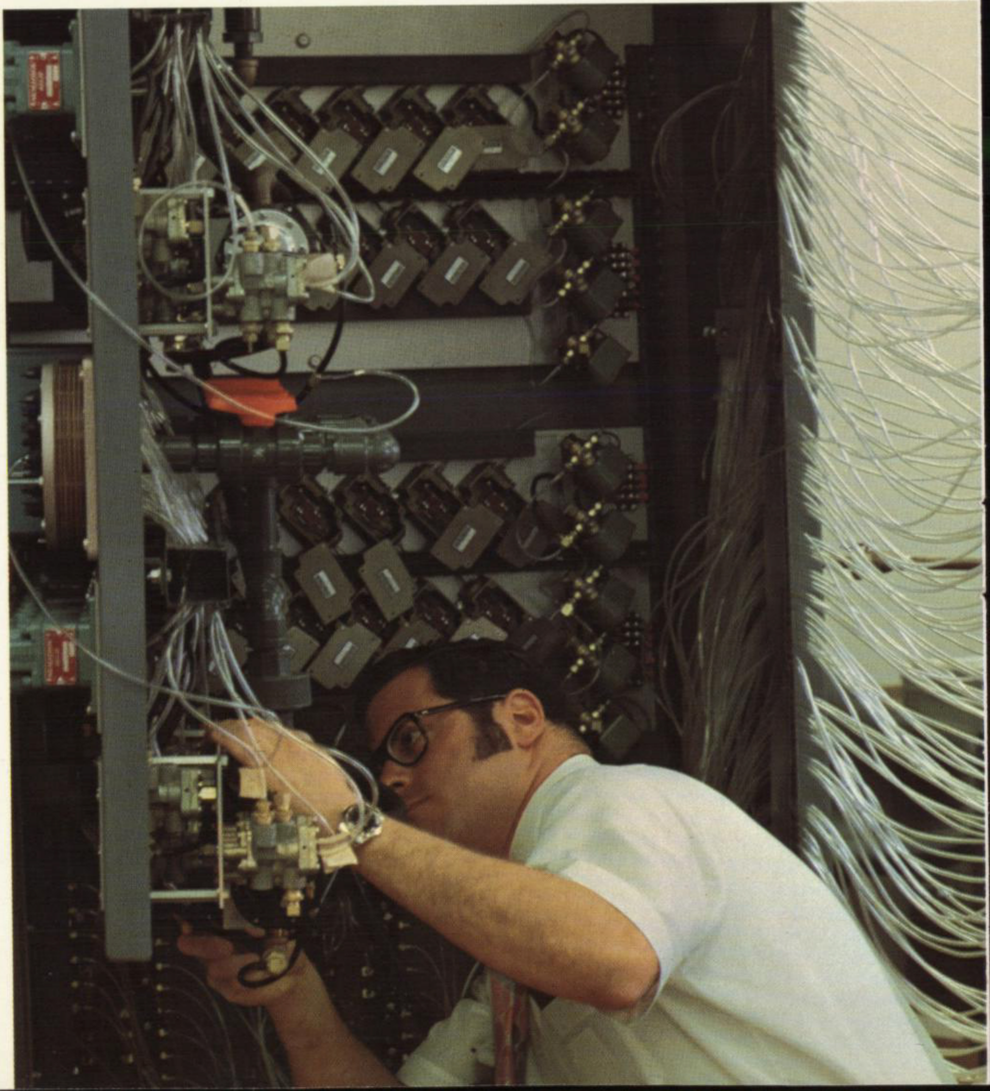
Control equipment and systems

B&W, through Bailey Meter Company, has long been a major force in the field of power plant instrumentation and controls. Bailey is an international operation with more than 40 percent of its sales outside the U.S. The company is now making a major effort to further expand in international markets and to make a greater penetration in the industrial process field.

During 1971 Bailey introduced two new products that electronically measure the pressure and flow rates of gases or liquid in industrial processes. These are solid-state sensors containing no moving parts which are capable of







Top: Bailey Meter's first 855/50 direct digital control computer system was sold during the year to Columbus & Southern Ohio Electric Company. The complex system puts the entire plant under computer control.

Bottom left: Diamond Power Specialty Corporation, a B&W subsidiary, is a leading supplier of metallic reflective insulation used extensively in the nuclear power industry. In photo, workers check dimensions for accuracy.

Bottom right: The first fluidic sequence control unit ever installed on a commercial ship was built by Bailey Meter for the Cleveland Cliffs Iron Company.

being calibrated to within ½ of 1 percent accuracy. This results in high reliability with a great degree of accuracy.

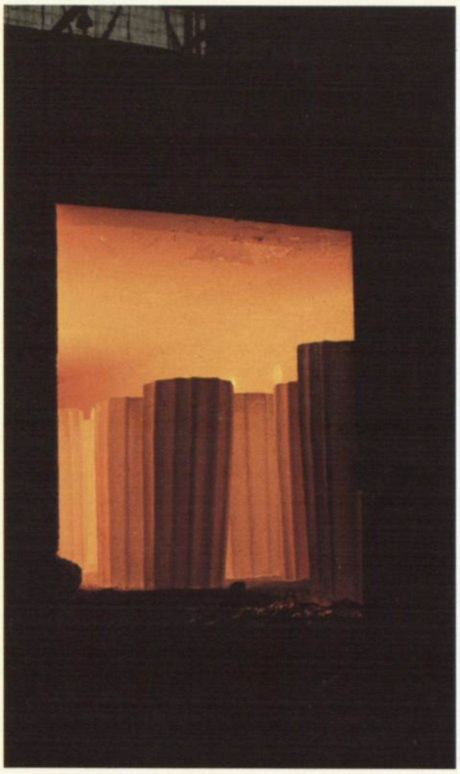
The company also introduced another product line during the year that has been well received by industry—the "GO/Line" of process instruments and controls. Designed for simplicity of installation, ruggedness and ease of repair, the "GO/Line" units are color and symbol coded to provide for ease of operation.

Bailey's sales outside the United States have been largely through its Japanese affiliate and subsidiaries in Canada and Australia. Early in 1971, the company formed a joint venture with Kyokuto Boeki Kaisha Ltd., to form a new firm called Bailey Japan Co., Ltd. It has built a control system assembly plant in Mishima, designed to enhance Bailey's position in this market. During 1971, B&W also acquired 25 percent of Bailey Meters & Controls Limited of England.

Branching out from another traditionally strong field for Bailey, the company is working on the development of a "total ship automation system." In 1971, vessels with Bailey automation control systems were launched by firms such as Cleveland Transport and American Shipbuilding.

Pollution control devices also represent a potential growth market for Bailey, and the company is working on a family of sensing devices to measure sulphur dioxide, oxides of nitrogen, and particulate matter.

Diamond Power Specialty Corporation, another B&W subsidiary, supplies utilities with sootblowers for fossil boilers and control rod drives for nuclear steam systems. Its product line also includes metallic reflective insulation used extensively in the nuclear power industry.



A new, long-duty furnace lining material developed by the Refractories division is now being marketed. The new material—Kaocrete-D—replaces earlier types of furnace-lining which had a one-year life.

Diamond's silicon-transistorized television cameras are acknowledged to be among the leaders in their field. With increasing emphasis on plant and building surveillance, and the need for high quality equipment to monitor nuclear operations and other industrial processes, the company expects to see an acceleration in sales for this line over the next several years.

Diamond is also involved in international markets through export sales, license agreements and subsidiaries such as Diamond Canapower of Canada and Diamond Power Specialty Limited of Great Britain.

Refractories

B&W manufactures refractories used in all types of high temperature furnaces for various heating and heat treating purposes where the temperatures or chemical reactions are unusually demanding. Its refractory firebrick, specialty refractories, ceramic fibers and kaolin clays are to be found in the metal, chemical, petroleum, aerospace, glass and ceramic industries.

The company is currently expanding into other uses of ceramic fibers to include such consumer products as air conditioners, electric appliances, catalytic heaters, and other original equipment applications. The fiber market has developed extensively at home and abroad and is still growing.

The company-owned Albion Kaolin Mine has proved to be a successful means of integrating the Refractories operations with raw material supply. The product of this sizable mine, located in the Georgia-South Carolina clay belt, is now used not only in the company's own refractories but is being supplied

A B&W employee works on one of the company's new pollution control products, a venturi wet scrubber, installed in 1971 at Commonwealth Edison's plant in Romeoville, Ill. to remove sulphur and particulates from gases.

to the chemical, fiberglass and sanitary ware industries.

The Refractories division participates in overseas markets through licensing and also joint ventures in Europe and Japan.

Research and development

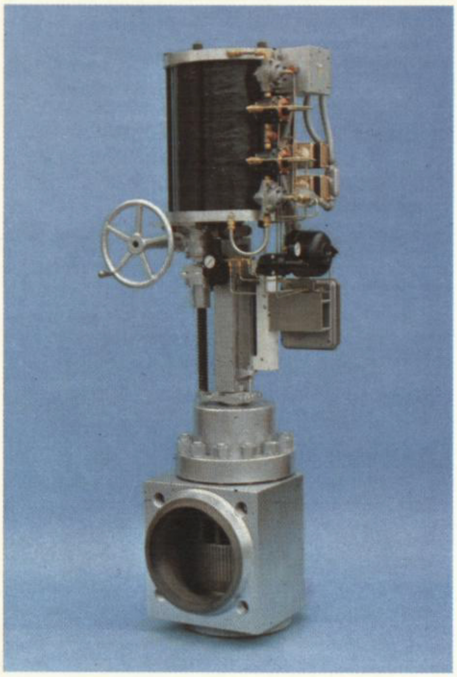
Being a technically oriented company, Babcock & Wilcox places a strong emphasis on its work in research and development. Last year the company allocated approximately $20 million to R&D activities and intends to spend a similar amount in 1972.

The major share of these funds is devoted to the continued improvement of existing or recently introduced products, ranging from nuclear fuel pellets to ceramic fibers. The remainder is used to explore advanced technology and new products for the future, such as an improved nuclear reactor for shipboard use and advanced composites.

The company's R&D effort is also directed towards the development of pollution control products, a number of which are now being marketed. These include a gas cleanup system for fossil fuel power plants, a shipboard waste disposal system, and sensing devices for measuring air pollution.

Babcock & Wilcox is continuing in its joint program with Esso Research, an affiliate of Standard Oil Co. (N.J.) to develop a dry collection system for the removal of sulphur and particulate matter from utility stacks. Co-sponsored by 17 utilities in North America, a demonstration facility is planned in 1972 as the third stage of this $7 million research effort.

All of the company's research is directed toward supporting corporate business plans and protecting B&W's technical future.



Top: In 1971, B&W developed a shipboard waste disposal system that eliminates overboard discharge by incinerating wastes in the ship's own boilers. Initial market will be vessels like these that sail the Great Lakes.

Bottom: With the acquisition in 1971 of Control Components, Inc., B&W received the patent rights to the Self Drag Velocity Control Valve (pictured above), a noise-abatement device that accurately controls the flow in piping systems.

New ventures

Babcock & Wilcox has as one of its goals the successful development of new business opportunities on a continuing basis. During 1971, two new ventures were undertaken which resulted in the establishment of a new department and the acquisition of a firm with a unique product line.

Babcock & Wilcox created a department in midyear to design and fabricate products from advanced composite materials. These newly developed materials are made of high performance fibers such as graphite or boron, in a polymer or metal body. Their mechanical properties are distinguished from conventional materials by a unique combination of high strength, low density and high stiffness.

While the use of advanced composites has been primarily directed toward the aerospace industry in the past, a major thrust of B&W's marketing effort will be in the numerous commercial applications where these materials can solve difficult problems of strength and weight.

The company entered another new field with the acquisition of Control Components, Inc. of Los Alamitos, California. This firm manufactures special control valves that are used to eliminate noise and vibration or to accurately control the flow in piping systems. They are used by such industries as chemical, petroleum and power.

While these are modest operations at the moment, the company believes they have good growth potential.

Financial Statements

Consolidated Statement of Income and Retained Earnings

	For the Calendar Year	
	1971	1970
Sales (on percentage of completion method for long-term contracts)	$959,092,104	$826,424,077
Costs and expenses:		
Costs and operating expenses	849,536,324	743,000,306
Selling, general and administrative expenses	46,160,263	39,778,914
Depreciation of plant and equipment (Note 4)	18,396,191	16,417,346
	914,092,778	799,196,566
Income from operations	44,999,326	27,227,511
Income from investments and marketable securities	1,931,013	1,459,549
Interest expense	(8,343,931)	(11,449,022)
Income before taxes and minority interests	38,586,408	17,238,038
U.S. and foreign taxes on income (Notes 2 and 4)	17,170,000	6,390,000
	21,416,408	10,848,038
Income applicable to minority interests	(752,316)	(826,921)
Net income for the year (per share: 1971–$1.67; 1970–$.81) (Note 3)	20,664,092	10,021,117
Cash dividends declared (per share: 1971–$.50; 1970–$.72)	6,168,297	8,810,050
Remainder, to retained earnings	14,495,795	1,211,067
Retained earnings at beginning of year	196,095,577	194,884,510
Retained earnings at end of year	$210,591,372	$196,095,577

Consolidated Statement of Changes in Financial Position

	For the Calendar Year	
	1971	1970
WORKING CAPITAL AT BEGINNING OF YEAR	$128,355,483	$141,204,771
FINANCIAL RESOURCES WERE PROVIDED BY:		
Net income	20,664,092	10,021,117
Add—Charges not reducing working capital:		
Depreciation	18,396,191	16,417,346
Deferred income taxes	3,510,000	3,900,000
Income applicable to minority interests	752,316	826,921
Working capital provided by operations for the period	43,322,599	31,165,384
Additional noncurrent borrowings	72,385,942	13,500,000
	115,708,541	44,665,384
FINANCIAL RESOURCES WERE USED FOR:		
Additions to property, plant and equipment	24,283,054	25,339,980
Cash dividends declared	6,168,297	8,810,050
Repayment of noncurrent indebtedness	62,200,000	12,200,000
Change in investments	1,395,371	9,510,574
Purchases of and other changes in minority interests	4,771,258	236,230
Other, net	793,642	1,417,838
	99,611,622	57,514,672
NET INCREASE (DECREASE) IN WORKING CAPITAL (NOTE 8)	16,096,919	(12,849,288)
WORKING CAPITAL AT END OF YEAR	$144,452,402	$128,355,483

Consolidated Balance Sheet

At December 31

	1971	1970
ASSETS		
CURRENT ASSETS		
Cash	**$ 24,828,643**	$ 26,520,858
Marketable securities, at cost (approximate market)	**949,618**	496,547
Accounts receivable	**138,177,813**	131,451,581
Unbilled sales	**101,006,906**	95,779,025
Inventories, including long-term contract costs (less progress payments on contracts) (Note 2)	**157,197,785**	162,000,990
TOTAL CURRENT ASSETS	**422,160,765**	416,249,001
NONCURRENT RECEIVABLES	**1,409,307**	1,191,299
INVESTMENTS	**11,246,437**	9,851,066
PROPERTY, PLANT AND EQUIPMENT, at cost less accumulated depreciation (Note 4)	**216,472,264**	211,290,845
PREPAID EXPENSES AND OTHER ASSETS	**7,701,602**	6,420,524
TOTAL ASSETS	**$658,990,375**	$645,002,735
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable (Note 5)	**$ 11,646,799**	$ 81,930,346
Accounts payable and accrued liabilities	**215,486,730**	176,437,209
Cash dividends payable	**1,544,136**	1,540,400
U.S. and foreign income taxes	**49,030,698**	27,985,563
TOTAL CURRENT LIABILITIES	**277,708,363**	287,893,518
NONCURRENT INDEBTEDNESS (Note 5)	**67,485,942**	57,300,000
DEFERRED INCOME TAXES	**16,350,000**	12,840,000
MINORITY INTERESTS IN SUBSIDIARY COMPANIES	**4,523,271**	8,542,213
TOTAL LIABILITIES	**366,067,576**	366,575,731
STOCKHOLDERS' EQUITY		
Capital Stock:		
Preferred, cumulative, no par; authorized and unissued 2,000,000 shares		
Common, par value $4.50; authorized 18,000,000 shares, issued 12,366,626 shares (amounts include $26,681,610 excess over par value-capital surplus)	**82,331,427**	82,331,427
Retained earnings	**210,591,372**	196,095,577
TOTAL STOCKHOLDERS' EQUITY	**292,922,799**	278,427,004
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$658,990,375**	$645,002,735

Notes to Consolidated Financial Statements

Note 1—The financial statements include The Babcock & Wilcox Company and all subsidiary companies, principally located in the United States. The accounts of foreign subsidiaries have been translated into U.S. dollars at current rates of exchange, except for property, plant and equipment which has been translated at appropriate historical rates.

Note 2—The consolidated inventories at December 31 are summarized below:

	1971	1970
Raw materials and supplies	$ 63,520,000	$ 65,734,000
Work in process	128,052,000	137,517,000
Finished products	14,409,000	10,663,000
	205,981,000	213,914,000
Less: Progress payments	48,783,000	51,913,000
	$157,198,000	$162,001,000

Inventories are stated generally at the lower of cost or market. Other than for long-term contracts, cost is determined on the average or first-in, first-out basis for raw materials and supplies and accumulated production costs for work in process and finished products.

With respect to long-term contracts, the company records sales and cost of sales by the percentage of completion method related principally to shipments or, in the case of nuclear contracts, to incurred direct labor. The costs recorded on uncompleted individual long-term contracts within each fiscal period are based upon estimates to complete. Cost estimates are reviewed periodically as the work progresses and adjustments, if any, proportionate to the percentage of completion are reflected in the period when such estimates are revised.

The completed contract method is followed for income tax purposes and provision is made currently for tax payments thereby delayed (1971—$21,613,000; 1970—$8,202,000).

Note 3—Results for 1970 reflect costs and expenses incurred from certain actions taken to alleviate delays and the effects of delays in carrying out some long-term nuclear contracts. Additional costs and expenses, including claims, may result from delays but management does not expect that amounts, if any, will be material.

Note 4—Fixed assets which are carried at cost less accumulated depreciation may be summarized as follows:

	1971	1970
Land	$ 5,554,000	$ 5,627,000
Buildings	120,387,000	117,515,000
Machinery and equipment	288,246,000	276,269,000
Construction in progress	12,194,000	7,274,000
	426,381,000	406,685,000
Accumulated depreciation	209,909,000	195,394,000
	$216,472,000	$211,291,000

For financial accounting purposes, the company follows the straight line method of computing depreciation while following accelerated methods for income tax purposes with appropriate deferral of income tax (1971—$3,510,000; 1970—$3,900,000).

Provisions for federal taxes on income reflect deductions for the tax investment credit of $530,000 in 1971 and $951,000 in 1970. The company currently recognizes fully investment credits when qualified assets are placed in service.

Note 5—Consolidated obligations consisted of the following:

	1971	1970
Current:		
Commercial paper	$ —	$ 8,600,000
Line of credit	—	61,000,000
Other	11,647,000	12,330,000
	11,647,000	81,930,000
Noncurrent:		
Promissory notes	50,000,000	—
Notes payable	5,600,000	7,800,000
Eurodollar note	9,500,000	9,500,000
Bank loan agreements	—	40,000,000
Other	2,386,000	—
	67,486,000	57,300,000
	$79,133,000	$139,230,000

During 1971, the company issued $50,000,000 of 9% promissory notes to certain institutional investors. These notes are due on October 1, 1991 and are payable in semiannual installments beginning October 1, 1977.

The company has the option to borrow at prime rates up to an aggregate of $100,000,000 from several banks under a line of credit.

The Eurodollar obligation represents maximum borrowings under an arrangement which expires November 4, 1975.

Certain of the agreements contain, among other things, requirements as to consolidated working capital, as defined, and dividend declarations. At December 31, 1971 and 1970, all such requirements have been met.

Note 6—The company has several pension plans, principally non-contributory, covering substantially all employees. The total pension expense charged to income was $13,872,000 in 1971 and $11,307,000 in 1970 which include amortization of prior service costs over a period of forty years. The unfunded prior service costs were approximately $61,500,000 at December 31, 1971 and $56,400,000 at December 31, 1970. The company, subject to Internal Revenue Service approval, has amended certain pension plans effective January 1, 1972.

Note 7—Transactions in 1971 under the stock option plans approved by the stockholders in 1958 and 1963 are summarized as follows:

	Shares	
	1958 Plan	1963 Plan
Options outstanding on January 1, 1971	17,462	201,634
Options exercised	(3,746)	(33,510)
Options lapsed	—	(30,624)
Options outstanding on December 31, 1971	13,716	137,500

No further options may be granted under either plan.

Note 8—The changes in the components of working capital are summarized as follows:

	1971	1970
Increase (decrease) in current assets:		
Cash	$(1,692,000)	$12,972,000
Marketable securities	453,000	(1,416,000)
Accounts receivable	6,726,000	17,574,000
Unbilled sales	5,228,000	11,201,000
Inventories, less progress payments	(4,803,000)	(8,151,000)
	5,912,000	32,180,000
Increase (decrease) in current liabilities:		
Notes payable	(70,283,000)	(4,410,000)
Accounts payable and accrued liabilities	39,050,000	37,071,000
Cash dividends payable	4,000	(2,648,000)
U.S. and foreign income taxes	21,044,000	15,017,000
	(10,185,000)	45,030,000
Net increase (decrease) in working capital	$16,097,000	$(12,850,000)

Opinion of Independent Accountants

To the Stockholders and Directors of
The Babcock & Wilcox Company:

In our opinion, the accompanying consolidated balance sheets and the related statements of consolidated income and retained earnings and of changes in financial position present fairly the financial position of The Babcock & Wilcox Company and its subsidiaries at December 31, 1971 and 1970, the results of their operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

New York, N.Y., February 7, 1972

Income and Retained Earnings

Ten-Year Comparison (in thousands of dollars)

For the Calendar Year	**1971**	1970	1969	1968
Sales (on percentage of completion method for long-term contracts)	**$959,092**	$826,424	$718,566	$647,613
Costs and expenses except depreciation	**895,697**	782,779	690,111	584,522
Depreciation	**18,396**	16,417	13,439	10,934
	914,093	799,196	703,550	595,456
Income from operations	**44,999**	27,228	15,016	52,157
Income from investments and marketable securities	**1,931**	1,459	505	928
Interest expense	**(8,344)**	(11,449)	(9,022)	(3,391)
Income before taxes and minority interests	**38,586**	17,238	6,499	49,694
U.S. and foreign taxes on income	**17,170**	6,390	190	23,710
	21,416	10,848	6,309	25,984
Income applicable to minority interests	**(752)**	(827)	(584)	(742)
Net income for the year	**20,664**	10,021	5,725	25,242
Equity in earnings of subsidiary prior to obtaining majority control				
	20,664	10,021	5,725	25,242
Cash dividends declared	**6,168**	8,810	16,752	16,726
Remainder, to retained earnings	**14,496**	1,211	(11,027)	8,516
Retained earnings at beginning of year	**196,095**	194,884	205,911	197,395
Retained earnings at end of year	**$210,591**	$196,095	$194,884	$205,911

Changes in Financial Position

Ten-Year Comparison (in thousands of dollars)

For the Calendar Year	**1971**	1970	1969	1968
WORKING CAPITAL AT BEGINNING OF YEAR	**$128,355**	$141,205	$214,728	$180,735
FINANCIAL RESOURCES WERE PROVIDED BY:				
Net income	**20,664**	10,021	5,725	25,242
Add—Charges not reducing working capital:				
Depreciation	**18,396**	16,417	13,439	10,934
Deferred income taxes	**3,510**	3,900	5,015	3,925
Income applicable to minority interests	**752**	827	584	742
Working capital provided by operations for the period	**43,322**	31,165	24,763	40,843
Additional noncurrent borrowings	**72,386**	13,500	22,000	59,000
	115,708	44,665	46,763	99,843
FINANCIAL RESOURCES WERE USED FOR:				
Additions to property, plant and equipment	**24,283**	25,340	50,523	37,388
Cash dividends declared	**6,168**	8,810	16,752	16,726
Repayment of noncurrent indebtedness	**62,200**	12,200	53,200	14,200
Change in investments	**1,395**	9,511		(1)
Purchases of and other changes in minority interests	**4,771**	237	204	320
Change in noncurrent receivables	**218**	(157)	(669)	(1,612)
Other, net	**576**	1,574	276	(1,171)
	99,611	57,515	120,286	65,850
NET INCREASE (DECREASE) IN WORKING CAPITAL	**16,097**	(12,850)	(73,523)	33,993
WORKING CAPITAL AT END OF YEAR	**$144,452**	$128,355	$141,205	$214,728

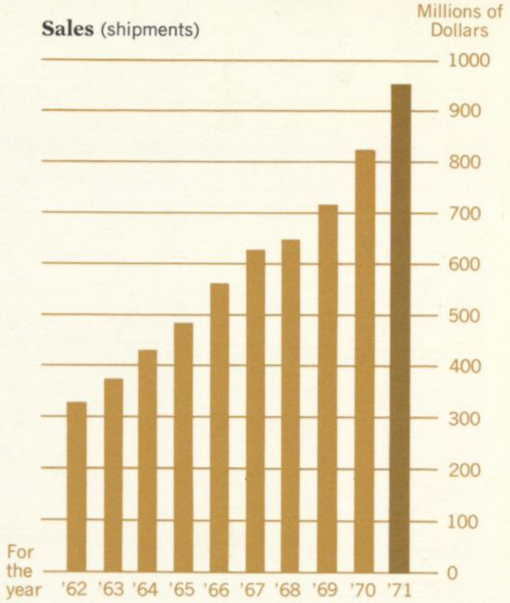
Statistics

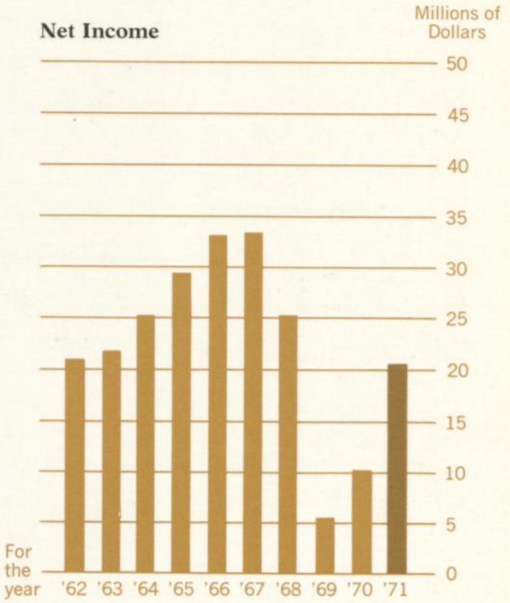
	1971	1970	1969	1968
Income from operations—% of sales	**4.7%**	3.3%	2.1%	8.1%
Net income for year—% stockholders' equity first of year	**7.4%**	3.6%	2.0%	9.0%
Orders received—thousands of dollars	**$ 867,938**	$1,118,298	$ 812,758	$ 911,082
Unfilled orders—thousands of dollars	**$1,948,507**	$2,039,661	$1,747,787	$1,653,595
Common shares issued end of year	**12,366,626**	12,366,626	12,366,626	12,366,626
Per common share issued (adjusted for stock split–12,366,626 shares):				
Income for year	**$ 1.67**	$ .81	$ .46	$ 2.04
Cash dividends declared	**.50**	.72	1.36	1.36
Stockholders' equity	**23.69**	22.51	22.42	23.31

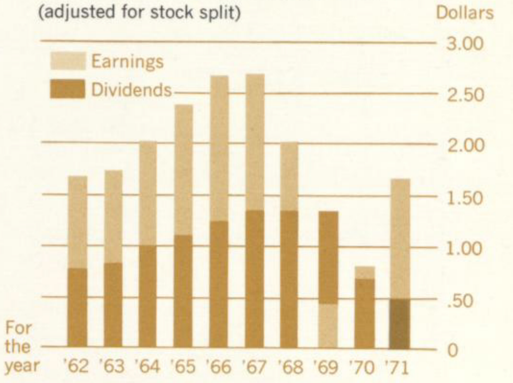
1967	1966	1965	1964	1963	1962
$624,723	$561,627	$481,600	$430,957	$377,684	$330,574
545,935	485,628	412,487	370,335	321,392	277,245
16,436	14,778	13,519	12,825	11,227	10,335
562,371	500,406	426,006	383,160	332,619	287,580
62,352	61,221	55,594	47,797	45,065	42,994
305	2,095	1,461	2,224	2,035	2,068
(1,412)	(838)	(715)	(750)	(834)	(952)
61,245	62,478	56,340	49,271	46,266	44,110
27,260	28,710	26,060	23,480	24,240	23,000
33,985	33,768	30,280	25,791	22,026	21,110
(770)	(766)	(830)	(595)	(279)	(250)
33,215	33,002	29,450	25,196	21,747	20,860
			1,030		
33,215	33,002	29,450	26,226	21,747	20,860
16,681	15,313	13,458	12,211	10,480	9,759
16,534	17,689	15,992	14,015	11,267	11,101
180,861	163,172	147,180	133,165	121,898	110,797
$197,395	$180,861	$163,172	$147,180	$133,165	$121,898

1967	1966	1965	1964	1963	1962
$156,721	$163,400	$137,710	$119,851	$129,873	$146,524
33,215	33,002	29,450	25,196	21,747	20,860
16,436	14,778	13,519	12,825	11,227	10,335
770	766	830	595	279	250
50,421	48,546	43,799	38,616	33,253	31,445
28,000					
78,421	48,546	43,799	38,616	33,253	31,445
33,509	34,807	19,610	12,265	23,101	25,662
16,681	15,313	13,458	12,211	10,480	9,759
2,200	2,200		2,200	2,200	2,200
(106)	(514)	(317)	(1,343)	1,753	(176)
320	278	(40)	(2,529)	(463)	149
1,547	1,695	(13,535)	(1,877)	6,072	9,727
256	1,446	(1,067)	(170)	132	775
54,407	55,225	18,109	20,757	43,275	48,096
24,014	(6,679)	25,690	17,859	(10,022)	(16,651)
$180,735	$156,721	$163,400	$137,710	$119,851	$129,873

1967	1966	1965	1964	1963	1962
10.0%	10.9%	11.5%	11.1%	11.9%	13.0%
12.6%	13.4%	12.8%	11.7%	10.6%	10.8%
$1,099,295	$840,064	$651,195	$525,814	$398,990	$348,907
$1,390,127	$915,555	$637,118	$467,523	$372,666	$351,360
12,366,626	12,366,626	12,366,626	12,366,626	6,183,313	6,183,313
$ 2.69	$ 2.67	$ 2.38	$ 2.04	$ 1.76	$ 1.69
1.36	1.25	1.10	1.00	.86	.80
22.62	21.28	19.85	18.56	17.43	16.51


Sales (shipments)


Net Income


Earnings per Share and Cash Dividends Declared per Share

(adjusted for stock split)

Balance Sheets

Ten-Year Comparison (in thousands of dollars)

At December 31	1971	1970	1969	1968
ASSETS				
CURRENT ASSETS				
Cash	**$ 24,829**	$ 26,521	$ 13,549	$ 16,199
Marketable securities	**949**	496	1,912	1,266
Accounts receivable	**138,178**	131,452	113,878	98,985
Unbilled sales	**101,007**	95,779	84,578	67,071
Inventories, net of progress payments	**157,198**	162,001	170,152	160,300
TOTAL CURRENT ASSETS	**422,161**	416,249	384,069	343,821
NONCURRENT RECEIVABLES	**1,409**	1,191	1,348	2,017
INVESTMENTS	**11,246**	9,851	340	340
PROPERTY, PLANT AND EQUIPMENT	**216,472**	211,291	202,648	165,638
PREPAID EXPENSES AND OTHER ASSETS	**7,702**	6,421	4,567	4,217
TOTAL ASSETS	**$658,990**	$645,003	$592,972	$516,033
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Notes payable	**$ 11,647**	$ 81,930	$ 86,340	$ 6,761
Accounts payable and accrued liabilities	**215,487**	176,438	139,367	98,229
Cash dividends payable	**1,544**	1,540	4,188	4,184
U.S. and foreign income taxes	**49,030**	27,986	12,969	19,919
TOTAL CURRENT LIABILITIES	**277,708**	287,894	242,864	129,093
NONCURRENT INDEBTEDNESS	**67,486**	57,300	56,000	87,200
DEFERRED INCOME TAXES	**16,350**	12,840	8,940	3,925
MINORITY INTERESTS IN SUBSIDIARY COMPANIES	**4,523**	8,542	7,952	7,572
TOTAL LIABILITIES	**366,067**	366,576	315,756	227,790
STOCKHOLDERS' EQUITY				
Preferred stock authorized and unissued				
Common stock including capital surplus	**82,332**	82,332	82,332	82,332
Retained earnings	**210,591**	196,095	194,884	205,911
TOTAL STOCKHOLDERS' EQUITY	**292,923**	278,427	277,216	288,243
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$658,990**	$645,003	$592,972	$516,033

Property, Plant and Equipment

Ten-Year Comparison (in thousands of dollars)

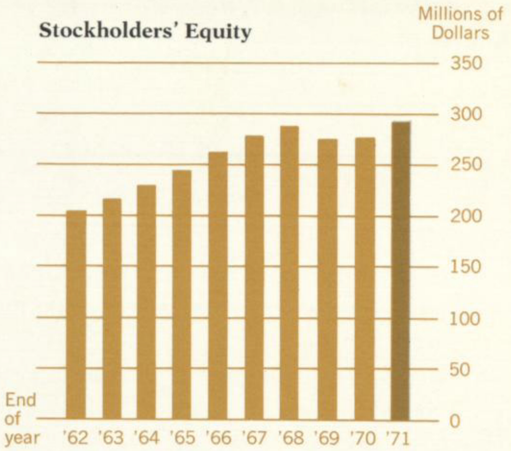
For the Calendar Year	1971	1970	1969	1968
COST				
At beginning of year	**$406,685**	$383,355	$334,556	$298,317
Expenditures during year	**24,283**	25,340	50,523	37,388
Other additions—initial consolidation of subsidiaries		131		
Retired or sold during year	**(4,587)**	(2,141)	(1,724)	(1,149)
At end of year	**426,381**	406,685	383,355	334,556
DEPRECIATION				
At beginning of year	**195,394**	180,707	168,918	158,902
Charged to operations during year	**18,396**	16,417	13,439	10,934
Accumulated—initial consolidation of subsidiaries		119		
Accumulated on property retired or sold during year	**(3,881)**	(1,849)	(1,650)	(918)
At end of year	**209,909**	195,394	180,707	168,918
NET BOOK VALUE	**$216,472**	$211,291	$202,648	$165,638

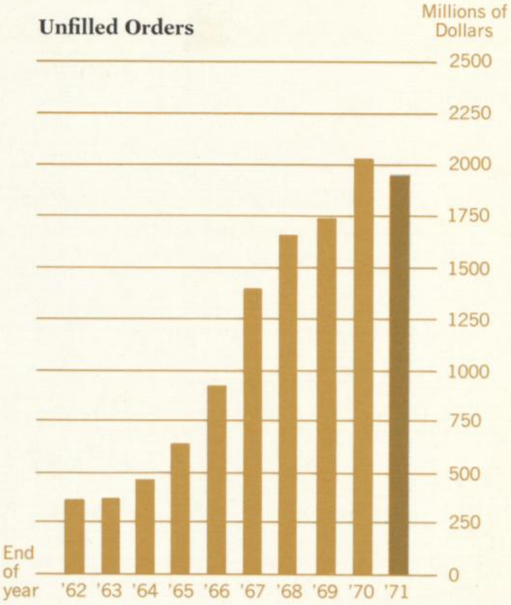
1967	1966	1965	1964	1963	1962
$ 12,839	$ 15,830	$ 14,641	$ 10,591	$ 13,026	$ 9,169
5,297	16,580	79,117	24,549	20,296	41,837
85,525	75,671	40,301	69,197	49,213	49,726
47,841	35,136	16,683	26,777	22,631	17,850
138,625	119,396	98,936	85,430	78,286	67,490
290,127	262,613	249,678	216,544	183,452	186,072
3,629	2,082	387	13,922	15,799	9,727
341	447	961	1,278	2,621	868
139,415	122,392	102,476	96,365	95,473	83,679
5,157	4,851	3,292	4,379	4,971	4,759
$438,669	$392,385	$356,794	$332,488	$302,316	$285,105

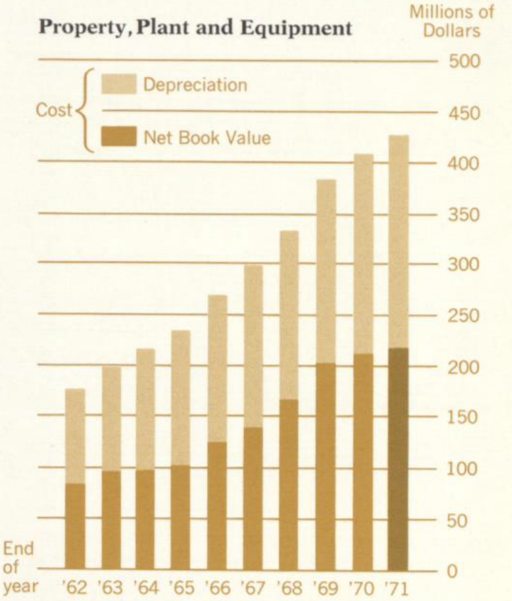
$ 3,658	$ 5,776	$	$	$	$
80,281	77,056	63,866	56,867	42,546	37,550
4,176	3,824	3,368	3,056	2,622	2,434
21,277	19,236	19,044	18,911	18,433	16,215
109,392	105,892	86,278	78,834	63,601	56,199
42,400	16,600	18,800	18,800	21,000	23,200
7,150	6,700	6,212	5,342	2,218	1,476
158,942	129,192	111,290	102,976	86,819	80,875

82,332	82,332	82,332	82,332	82,332	82,332
197,395	180,861	163,172	147,180	133,165	121,898
279,727	263,193	245,504	229,512	215,497	204,230
$438,669	$392,385	$356,794	$332,488	$302,316	$285,105

1967	1966	1965	1964	1963	1962
$266,404	$232,858	$214,948	$198,827	$176,502	$151,518
33,509	34,807	19,610	12,265	23,101	25,662
444		119	5,177		
(2,040)	(1,261)	(1,819)	(1,321)	(776)	(678)
298,317	266,404	232,858	214,948	198,827	176,502
144,012	130,382	118,583	103,354	92,823	83,112
16,436	14,778	13,519	12,825	11,227	10,335
247		29	3,613		
(1,793)	(1,148)	(1,749)	(1,209)	(696)	(624)
158,902	144,012	130,382	118,583	103,354	92,823
$139,415	$122,392	$102,476	$ 96,365	$ 95,473	$ 83,679


Stockholders' Equity


Unfilled Orders


Property, Plant and Equipment

The Babcock & Wilcox Company *Incorporated in 1881 from a partnership formed in 1867.*

Board of Directors

M. Nielsen, *Chairman*
George G. Zipf, *President*

W. O. Baker
John L. Burns
R. J. Cantwell
*Walther H. Feldmann
Donald N. Frey
*J. Roy Gordon
George C. Kern, Jr.
James C. Parlee
A. P. Taber
B. A. Tompkins
W. L. Wearly
Samuel H. Woolley

**Honorary Director*

Corporate Officers

President and Chief Executive Officer
George G. Zipf

Vice Presidents
R. J. Cantwell
Carl Claus
R. H. Harrison
G. W. Kessler
G. W. Kross, Jr.
H. H. Poor
W. H. Rowand
C. T. Smith
A. P. Taber
W. M. Vannoy
L. B. Wohlgemuth

Vice President and Secretary
Martin Victor

Controller
H. D. Kenney

Treasurer
W. P. Catterson

George G. Zipf
President and Chief Executive Officer

Services

Finance and Accounting Division
R. J. Cantwell
Vice President

Research and Development Division
H. H. Poor
Vice President

Staff Division
Carl Claus
Vice President

Washington, D.C. Office
R. H. Harrison
Vice President

Operating Divisions

Automated Machine Division
J. D. Stephens
Division Vice President

Naval Nuclear Fuel Division
W. M. Vannoy
Vice President

Power Generation Division
A. P. Taber
Vice President

Refractories Division
R. P. Stuntz
Division Vice President

Tubular Products Division
G. W. Kross, Jr.
Vice President

Subsidiaries

Babcock & Wilcox Canada Ltd.
J. M. Douglas
President

Bailey Meter Company
C. E. Jones
President

Control Components, Inc.
R. E. Self
President

Diamond Power Specialty Corp.
W. H. Jackson
President

Nuclear Materials & Equipment Corporation
W. A. Cameron
President

Notice to Stockholders

The Annual Meeting of Stockholders will be held at 10 A.M., Wednesday, April 26, 1972, in the Biltmore Hotel, New York City. A formal notice of the meeting with a proxy statement and form of proxy will be mailed to each stockholder March 17.

General Offices
161 East 42nd Street
New York, N.Y. 10017

Stock Transfer Agent
Bankers Trust Company
16 Wall Street, New York, N.Y. 10015

Registrar
The Bank of New York
48 Wall Street, New York, N.Y. 10015

General Counsel
Sullivan & Cromwell
48 Wall Street, New York, N.Y. 10005

Independent Accountants
Price Waterhouse & Co.
60 Broad Street, New York, N.Y. 10004

Stock Listed
New York Stock Exchange and
Pacific Stock Exchange

Facilities

Automated Machine Division
W. F. & John Barnes, *Rockford, Ill.*
Century-Detroit, *Southfield, Mich.*
Detroit Broach & Machine
Rochester, Mich. • *Greer, S.C.* •
Ponce, Puerto Rico

Naval Nuclear Fuel Division
Lynchburg, Va.

Power Generation Division
Barberton, Ohio • *Brunswick, Ga.* •
Canton, Ohio • *Lynchburg, Va.* •
Mount Vernon, Ind. • *Paris, Texas* •
West Point, Miss. • *Wilmington, N.C.*

Babcock-Brown Boveri Reaktor GmbH
Mannheim, Germany

Refractories Division
Augusta, Ga. • *Hephzibah, Ga.*
Babcock & Wilcox Refractories Limited
Burlington, Ont., Canada

Research and Development Division
Alliance, Ohio • *Lynchburg, Va.*

Tubular Products Division
Alliance, Ohio • *Ambridge, Pa.* •
Beaver Falls, Pa. • *Elkhart, Ind.* •
Milwaukee, Wis.
Babcock & Wilcox Tubular Products Limited, *Toronto, Ont., Canada*

Babcock & Wilcox Canada Ltd.
Galt, Ont., Canada

Bailey Meter Company
Cleveland, Ohio • *Wickliffe, Ohio*
Belfab, *Daytona Beach, Fla.*
Bailey Japan Co., Limited
Mishima, Japan
Bailey Meter Australia Pty. Limited
Regents Park, N.S.W., Australia
Bailey Meter Company Limited
Pointe-Claire, Que., Canada
Fibras Ceramicas Inc., *Ponce, Puerto Rico*

Control Components, Inc.
Los Alamitos, Calif.

Diamond Power Specialty Corporation
Lancaster, Ohio
Mirror Insulation, *Lancaster, Ohio*
Diamond Canapower Ltd.
Burlington, Ont., Canada
Diamond Power Specialty Limited
Dumbarton, Scotland
Diamond Superior AB
Sundbyberg, Sweden

Nuclear Materials & Equipment Corporation
Apollo, Pa. • *Leechburg, Pa.*

Products

Pollution Control Systems
Combustion Control Systems • Filter Systems • Gas Absorption Systems • Smoke and Dust Density Recorders • Wet Scrubber Systems • Limestone Scrubber Systems

Nuclear Energy Services
Fuel Management Services • Advanced Fuels Development • Irradiation and Hot Cell Services • Nuclear Operations Management Training

Automation Equipment and Control Systems
Computers and Information Systems for Industrial Processes • (Closed-Circuit) Television Systems

Machine Tools and Related Products
Hydrostatic Bearings • Precision Boring Machines • Broaching Machines and Broaches • Large I.D. Grinders • Hydraulic Accessories • Production Tracer Lathes • Numerical Control Machines • Special Machines • Transfer or Multiple-Station Machines

Power Generation Equipment
Complete Nuclear and Fossil-Fuel Fired Steam Generating Systems • Nuclear Fuel • Industrial Steam Generating Equipment • Marine Boilers • Regenerative and Tubular Air Heaters • Cleaning Systems for Heat Transfer Surfaces • Cooling Towers • Control and Performance Computers • Automatic Controls and Instruments • Nuclear Reactor Control-Rod Drives • Superheaters • Economizers • Coal Feeders • Water-Level Gauges • Pulverizers

Refractories Products
Kaolin Clays • Ceramic Fibers • Insulating Firebrick • Specialty Firebrick • Plastics, Mortars, Castables, Ramming Mixes and Calcines • Special Oxide Refractories • Silicon Carbide

Special Equipment
Precision Welded Bellows • Alloy Castings • Pulverized-Coal Injection Systems for Blast Furnaces • Hollow Forgings for Steam Piping and Other Uses • Tubular Hoods for Basic Oxygen and Electric Furnaces • Reflective Metallic Thermal Insulation • Heavy Pressure Vessels and Heat Exchangers • Centrifugal Pumps • Recovery Processes for the Pulp Industry • Stud Tensioners • Special Purpose Valves • Advanced Composites

Tubular Products
Stainless, Alloy or Carbon Steel Seamless and Welded Tubes and Pipe for all Types of Pressure and Mechanical Applications • Extrusions—Tubular and Solid Shapes • Welding Fittings and Flanges • Seamless Rolled Rings

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